

DSMC Hosts Fifth Semiannual PEO/SysCom Commanders/PM Conference

"Reducing Total Ownership Cost"

BOB O'DONOHUE • COL. DAYTON SILVER, USAF

RNoel Longuemare, Principal Deputy Under Secretary of Defense for Acquisition and Technology and Chairman of the Defense Manufacturing Council (DMC), hosted the fifth PEO/SysCom Commanders/PM Conference, held at the Defense Systems Management College Fort Belvoir main campus, April 22-23. This conference, attended by over 300 senior people from the Services, Defense Agencies, and the Office of the Secretary of Defense, focused on Reducing Total Ownership Cost and improving cohesion and unity of purpose between those persons and organizations focused traditionally on the acquisition portion of a program's life

cycle, and those focused primarily on the sustainment phase. A special highlight of the conference was the surprise presentation of the David Packard Award for Acquisition Excellence to the departing Under Secretary of Defense for Acquisition and Technology, Dr. Paul G. Kaminski, by former Secretary of Defense William Perry. The SAEs also made a special presentation to Dr. Kaminski.

Top Two Acquisition Leaders Report Out

Kaminski opened the conference with a keynote address, providing a "report card" on acquisition reform activities and summarizing the recent Acquisition Reform Week. Longuemare next



AS A FAREWELL GIFT, THE SAEs PRESENTED DR. PAUL G. KAMINSKI, USD(A&T), A BEAUTIFUL COLOR SKETCHING OF HIMSELF, SURROUNDED BY EACH OF THE SAEs WHO SERVED DURING HIS TENURE AS THE DEFENSE ACQUISITION EXECUTIVE (1994 TO 1997). FROM LEFT: JOHN DOUGLASS, NAVY SAE; R. NOEL LONGUEMARE, PDUSD(A&T); KAMINSKI; GIL DECKER, ARMY SAE; DARLEEN DRUYUN, REPRESENTING ART MONEY, AIR FORCE SAE.

O'Donohue and Silver are the Executive Secretary of the Defense Manufacturing Council and Deputy, respectively. Both are from the Strategic and Tactical Systems Office, Office of the Under Secretary of Defense for Acquisition and Technology.

DR. PAUL G. KAMINSKI (CENTER), USD (A&T), ATTENDS HIS LAST PEO/SysCOM COMMANDERS/PM CONFERENCE PRIOR TO LEAVING OFFICE. FORMER SECRETARY OF DEFENSE WILLIAM PERRY (RIGHT), TRAVELED FROM CALIFORNIA TO PERSONALLY AWARD KAMINSKI THE DAVID PACKARD AWARD FOR INNOVATIVE PRACTICES IN DEFENSE ACQUISITION. ASSISTING PERRY IN THE PRESENTATION IS R. NOEL LONGUEMARE, PDUSD(A&T).



gave examples of the fiscal and force level imperatives leading to the Conference theme: “Reducing Total Ownership Cost” and the related objectives of improving the integration of Acquisition Reform and Logistics Reform. He noted inadequate funds are available to modernize our forces and, since about 80 percent of DoD’s system inventory in 2010 already is operational today, lowering the operations and support costs of these *existing* systems will be the primary means of making funds available for modernization.

Old Business

Three action items from previous conferences were briefed. Dan Czelusniak, Director of Acquisition Program Integration, summarized the Department’s efforts to improve program stability, including possible increases in reprogramming limits, the use of risk management funding pools, and possible

reprogramming across “colors of money.” [Note: Conference briefings are available on DMC’s Web Page at <http://www.acq.osd.mil/dmc>.

Tom Crean, President of Defense Acquisition University, detailed progress in the education and training arena, including the Distance Learning initiative.

Finally, Mike McGrath outlined the pending shift in focus for the DMC, broadening its view to include “the other 70-80 percent: the operations, support, sustainment, and modifications costs that occur beyond the original system development, production, and deployment.”

Logistics Reform

The next two speakers initiated a more detailed examination of logistics reform. John Phillips, Deputy Under



CONFEREES FROM DUSD(AR) AND DSMC. FROM LEFT: BRENDA CURTS, CONFIDENTIAL ASSISTANT TO DR. KAMINSKI; DONNA RICHBOURG, ACTING DEPUTY UNDER SECRETARY OF DEFENSE (ACQUISITION REFORM); LINDA BLACK, WIFE OF THE DSMC COMMANDANT; EDWARD HIRSCH, DEPUTY COMMANDANT AND PROVOST, DSMC.



OBVIOUSLY ENJOYING THE CONFERENCE ARE THREE OF THE ACQUISITION COMMUNITY’S MOST SENIOR LEADERS. FROM LEFT: JOHN DOUGLASS, NAVY SAE; PAUL G. KAMINSKI, USD(A&T); GIL DECKER, ARMY SAE.

Secretary of Defense for Logistics, spoke on “Reengineering Logistics for the 21st Century,” echoing Longuemare’s comments with what he called the “geriatric challenge”: supporting and maintaining systems originally designed for lives of 20-30 years that we now plan to keep in the inventory from 50 to over 90 years. The focus of all the logistics reform efforts is to provide better support to the warfight-

ers while reducing operations and support costs.

Bob Mylott, Manager of Commercial Applications at Caterpillar, Inc., gave a luncheon address on "The Caterpillar Road to Reinventing Logistics," contrasting commercial and DoD achievements in worldwide user support by describing how Caterpillar streamlined its worldwide logistics system, resulting in dramatic reductions in parts transit times and inventory levels. Many of these techniques have direct DoD application, and presently are under study for possible adoption.

Panels Convene

The afternoon of the first day and morning of the second day consisted of sessions designed by the Services and Joint Staff. Two afternoon panels discussed specific approaches for reducing Total Ownership Cost by using examples from actual programs. The first, designed by the Navy, featured Mark Adams, Director of the Continuous Acquisition and Life-Cycle Support Office, leading a group of program managers focused on introducing fully computerized Integrated Product Data Environments (IPDE) at various program life-cycle phases: Navy Capt. Maurice Gauthier from the LPD-17, Army Col. Don Schenk from Combat Mobility Systems, and Air Force Col. Jack Hudson from the F-15 recounting their implementation experiences; as well as Gary Jones, Defense Advanced Research Project Agency's Simulation-Based Design program manager, discussing opportunities offered by emerging technologies.

Next, Army Brig. Gen. Joe Yakovac, Deputy for Systems Acquisition, U.S. Army Tank-Automotive and Armaments Command, moderated a panel including program managers from the Paladin and Kiowa Warrior systems that discussed "Commercial Approaches to Supporting Fielded Systems."

Following an evening mixer, Phillips chaired a question-and-answer session with a panel consisting of senior executives

from both the Acquisition and Sustainment communities. Panel members included Dr. Ken Oscar, SARDA; Air Force Lt. Gen. Ken Eickmann, Commander, ASC; Navy Vice Adm. John Lockard, Commander, NAVAIRSYSCOM; Army Maj. Gen. Charles Mahan, ODCSLOG; Navy Vice Adm. Paul Robinson, NAVSEASYSOCOM; Marine Maj. Gen. Joseph Stewart, HQ USMC; and Air Force Gen. (select) George Babbitt, Director DLA. After the highly interactive session, Kaminski charged each panel member to provide Phillips—

- examples of 'best practices' that are making significant contributions to reducing total ownership costs (TOC);
- specific actions they are launching that will help reduce TOC; and
- actions that have the potential to reduce TOC, which might benefit from a pilot program to generate conclusive evidence on their value.

The evening mixer also served to launch an Offsite to be held on May 28 that will tackle elements of an integrated acquisition-logistics attack on LCC.

Day Two

Air Force Maj. Gen. John Hopper, Vice Director for Logistics (J4), the Joint Staff, began the conference's second day by presenting "Joint Vision 2010 and the Concept of Focused Logistics," showing the Joint Staff's approach for dramatic improvement to warfighter support worldwide.

The next two sessions were designed by the Air Force, the first one summarizing the application of Commercial-Like Warranties as a Tool to Reduce Ownership Costs, with the Joint Direct Attack Munition (JDAM) program as an example. The government and contractor program managers, Oscar Soler and Charles Dillow, gave the briefing jointly, offering the audience a chance to ask each how they viewed the JDAM warranty structure.

Next, Jim Bair, Director of Engineering at HQ AFMC, discussed the impact of Acquisition Reform on Sustainment, using the Performance-Based Business Environment (adopting private-sector practices to acquire DoD systems) and the Single Process Initiative, to show how acquisition reform and sustainment efforts could be blended harmoniously and related implementation challenges.

Luncheon speaker Jim Sinnett, McDonnell-Douglas Corporation's Corporate Vice President for Technology and Chair of the Industry Affordability Task Force, provided "Some Industry Observations on Affordability," his message echoing that of the conference: Acquisition — and Acquisition Reform — extends throughout the life cycle, from requirement, or need, through retirement and disposal. So also should an Affordability "mindset" and cost-reduction initiatives. Jim agreed that Cost has replaced the Warsaw Pact as our monolithic threat; and force structure, force readiness, force sustainment, and our supporting acquisition infrastructure all are intertwined inexorably to serve our warfighters and our Country. Affordability in process and product, across all life-cycle phases, is our key challenge.

The final conference activity was the Senior Acquisition Executives Panel, chaired by Kaminski. Panel members included Longuemare; John Douglass, Navy SAE; Gil Decker, Army SAE; Darlene Druyun, representing Art Money, Air Force SAE; and Tony Valletta, Deputy Assistant Secretary of Defense (C³I Acquisition), representing Emmett Paige, Jr., the ASD(C³I). A lively discussion with the audience covered a wide range of topics across the acquisition and logistics reform arenas.

Looking Ahead

The next conference, tentatively planned for October, will continue to explore ways to reduce costs throughout the entire system life cycle.

FIFTH SEMI ANNUAL

PEO/SysCom Commanders/PM Conference

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-Jim Sinnett

*McDonnell-Douglas Corporation's Corporate
Vice President for Technology and
Chair of the Industry Affordability Task Force*



JEANINE MACEO, REPRESENTING THE OFFICE OF ELECTRONIC COMMERCE/ELECTRONIC DATA INTERCHANGE, DUSD(AR) SPEAKS WITH A VISITOR TO THE EC/EDI EXHIBIT. OTHER EXHIBITS INCLUDED THE DEFENSE LOGISTICS AGENCY'S ELECTRONIC MALL, DEFENSE ACQUISITION DESKBOOK, THE DEFENSE MICRO-ELECTRONICS ACTIVITY, AND OTHERS.



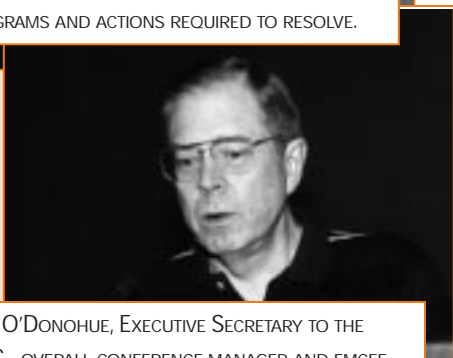
A HIGHLIGHT OF THE SECOND DAY OF THE CONFERENCE, THE SENIOR ACQUISITION EXECUTIVES (SAE) PANEL ALLOWED THE CONFEREES AND SAEs AN OPPORTUNITY TO INTERACT. PICTURED FROM LEFT: JOHN DOUGLASS, NAVY SAE; R. NOEL LONGUEMARE, PDUUSD(A&T); DR. PAUL G. KAMINSKI, USD(A&T); DARLEEN DRUYUN, REPRESENTING ART MONEY, AIR FORCE SAE; GIL DECKER, ARMY SAE; TONY VALLETTA, DASD (C³I ACQUISITION).

PEO/SysCom Command

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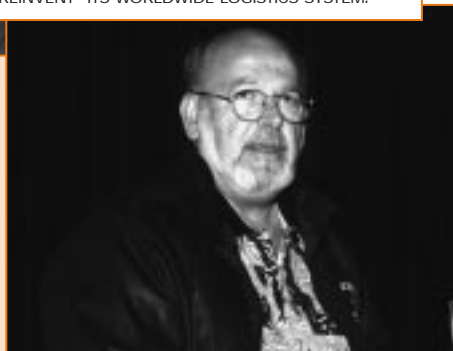
DAN CZELUSNIAK, DIRECTOR, ACQUISITION PROGRAM INTEGRATION, USD(A&T) DISCUSSED THE 3:1 COST IMPACT OF FUNDING INSTABILITY ON PROGRAMS AND ACTIONS REQUIRED TO RESOLVE.



BOB O'DONOHUE, EXECUTIVE SECRETARY TO THE DMC— OVERALL CONFERENCE MANAGER AND EMCEE.



LUNCHEON SPEAKER BOB MYLOTT, MANAGER OF COMMERCIAL APPLICATIONS, CATERPILLAR, INC., DESCRIBED STEPS CATERPILLAR TOOK TO "REINVENT" ITS WORLDWIDE LOGISTICS SYSTEM.



AS THE SECOND DAY'S LUNCHEON SPEAKER, JIM SINNETT, McDONNELL-DOUGLAS CORPORATION'S CORPORATE VICE PRESIDENT FOR TECHNOLOGY AND CHAIR OF THE INDUSTRY AFFORDABILITY TASK FORCE, TALKED ABOUT INDUSTRY'S OBSERVATIONS ON AFFORDABILITY.

ARMY BRIG. GEN. JOSEPH YAKOVAC, DEPUTY FOR SYSTEMS ACQUISITION, U.S. ARMY TANK-AUTOMOTIVE AND ARMAMENTS COMMAND, LED A DISCUSSION OF COMMERCIAL APPROACHES TO SUPPORTING FIELDED SYSTEMS, USING PALADIN AND KIOWA WARRIOR AS EXAMPLES.



Anders/PM Conference



AIR FORCE MAJ. GEN. JOHN HOPPER, VICE DIRECTOR FOR LOGISTICS (J4), THE JOINT STAFF, DISCUSSED HOW THE CONCEPT OF FOCUSED LOGISTICS WILL HELP ACHIEVE JOINT VISION 2010.

AFTER A MIXER THE FIRST EVENING, THE SENIOR MILITARY EXECUTIVES PANEL, MODERATED BY JOHN PHILLIPS, DUSD (LOGISTICS), FIELDLED QUESTIONS FROM THE CONFEREES ON TOTAL OWNERSHIP COST ISSUES. FROM LEFT: NAVY REAR ADM. PAUL ROBINSON, REPRESENTING THE DCNO (LOGISTICS); AIR FORCE LT. GEN. BILL HALLIN, DCS/LOGISTICS, HQ USAF; ARMY MAJ. GEN. CHARLES MAHAN, ODCSLOG; NAVY VICE ADM. JOHN LOCKARD, COMMANDER, NAVAIRSYSCOM; AIR FORCE LT. GEN. KEN EICKMANN, COMMANDER, ASC; DR. KEN OSCAR, SARDA. PANEL MEMBERS NOT SHOWN: AIR FORCE GEN. (SELECT) GEORGE BABBITT, DIRECTOR DLA AND MARINE MAJ. GEN. JOSEPH STEWART, HQ USMC.



MARK ADAMS, DIRECTOR, CONTINUOUS ACQUISITION AND LIFE CYCLE SUPPORT, ODUSD (LOGISTICS), LED A PANEL OF PROGRAM MANAGERS DISCUSSING IMPLEMENTATION OF INTEGRATED PRODUCT DATA ENVIRONMENTS.



JOHN PHILLIPS, DEPUTY UNDER SECRETARY OF DEFENSE (LOGISTICS), DESCRIBED ACTIONS NEEDED TO REENGINEER LOGISTICS FOR THE 21ST CENTURY.



TOM CREAN, PRESIDENT, DEFENSE ACQUISITION UNIVERSITY (DAU) SPOKE ON ACQUISITION EDUCATION AND TRAINING, INCLUDING DAU'S CURRENT DISTANCE LEARNING INITIATIVE.



CHARLES DILLOW, McDONNELL-DOUGLAS CORPORATION'S JOINT DIRECT ATTACK MUNITION (JDAM) PROGRAM MANAGER, DESCRIBED INDUSTRY'S ROLE IN APPLYING COMMERCIAL-LIKE WARRANTIES TO REDUCE MILITARY PROGRAM OWNERSHIP COSTS. LEADING THE DISCUSSION, OSCAR SOLER, JDAM PROGRAM MANAGER, SPOKE ON GOVERNMENT'S ROLE.